

MINUTES
June 5, 2003

Seattle City Employees' Retirement System
Regular Board Meeting

Thursday, June 5, 2003 - 8:30 a.m.
Seattle Metropolitan Credit Union Bldg
Credit Union Conference Room – 3rd Floor

Present: Jan Drago, Norma McKinney, Lou Walter, John Curtin and Mary Norris.

Absent: Dwight Dively and Frank Mathews.

Also Present: Ken Leask – ARSCE, Walt North – ARSCE, Bill Farrell - ARSCE, Ed Kidd – ARSCE, Jesse Tapp - ARSCE, Jesse Howell – ARSCE, Paul Berry, Jim Coover – ARSCE, Eddie Haw – ARSCE, Russ Teller – ARSCE, Ken Hunich – ARSCE, Steve Romano, Laurie Tish and Russ Russell – Deloitte & Touche, Mel Robertson and Norm Ruggles.

Public Comment:

Jesse Tapp asked the Board to consider extending the pop-up benefit to all retirees, not just those that retired on or after March 24, 1997, which is what the current benefit provides. Jesse also asked the Board to continue to consider an ad-hoc doubling of the 13th check for those retirees who are not receiving the Floor COLA. Ken Hunich also asked the Board to consider providing the pop-up benefits to all retirees. Letters that were sent to Board Member Mary Norris from Jesse and Ken concerning the pop-up were submitted to the Board. There was a discussion among the Board about these requests.

Minutes:

Upon motion by Norma McKinney, seconded by Lou Walter, the Retirement Board approved the minutes from the May 1, 2003 Retirement Board meeting.

Ratification of Retired Payroll, Office Payroll, other Billings and Withdrawals:

Information: The following items represent normal expenses and nothing extraordinary.

Service	\$ 5,040,119.79
Disability	54,779.01
Beneficiary	616,613.03
Pension Payroll – May 2003	\$ 5,711,511.83

Office Payroll - pay period ending April 22, 2003	\$ 21,865.36
Office Payroll - pay period ending May 6, 2003	\$ 22,241.71
Office Payroll - pay period ending May 20, 2003	\$ 22,845.91

Vouchers Processed - from April 25, 2003 through May 28, 2003	\$ 48,117.76 *
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* \$ 0.00 Expert and Consultant Services

Immediate Withdrawal of Contributions

<u>Member</u>	<u>Department</u>	<u>Position</u>
Ackley-Bell, Pamela S	TES	Admin Spec II

Acuna,Franco Joseph	Park	Laborer
Bradow,Annaliese	Muni Court	Public Ed Program Spec
Cirkovich,Stephanie	DHHS	Public Relation Spec Sr
Conant,Sandra Marie	Library	Library Associate II
Corson,Daniel James	Light	Planning & Dev Spec Sr
Durfee,Rebecca V	Legislative	Admin Spec II
Ellis,Kenneth D	ESD	Equipment Servicer
Estelle,Lola	Library	Librarian
Fisher,Levi L	ESD	Bldg Operating Engineer
Hughes,Roberta K	Police	Equipment Facilities
Indra, Idil A.	DHHS	Counselor
King, Mattie L.	Seattle Center	Laborer
Lambert, Donald	TES	Laborer
Lamont,Gregory M	DCLU	Housing/Zoning Inspector
Lochtie,Robert A	Light	IT Professional
McCallum,Larry A	Library	Librarian
Murphy Jr,Timothy Lee	SEATRAN	Utility Laborer
Richardson, Lee	Seattle Center	Stage Technician
Stubblefield,David W	ESD	Finance
Walters,Kenneth R	SPU	Environment Field Spec
Warner,Jo Ellen	ESD	Strategic Advisor II

Upon motion by Jan Drago, seconded by John Curtin, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Davis, Suzanne L.	4/26/2003	8	90	Library	Librarian	62	D
Dobbs, Gary G.	5/1/2003	2	331	Dual Member	Vested	56	C5,F
Getches, Meredith A.	4/16/2003	16	238	OMP	Hearing Examiner	58	S
Hess, Ronald V.	5/7/2003	25	136	SEATRAN	Civil Eng Spec Associate	63	C5
Ida, Jeffrey D.	3/18/2003	37	216	City Light	Electrical Eng Spec Sup	59	19b
Mamon, Anthony J.	5/2/2003	29	113	Personnel	Admin Spec I	53	C5,G-50
Olvera, Jody S.	5/2/2003	27	146	City Light	Safety & Health Spec Sr	52	A,F
Person, Mel	5/3/2003	27	344	City Light	Meter Electrician	62	S
Petersen, Leonard T.	4/16/2003	36	160	City Light	Material Supplier	62	C10
Roselius, Sherry L.	4/18/2003	2	241	Dual Member	Vested	55	A
Tsuchiya, Herbert	4/8/2003	18	247	Health	Pharmacist	70	C10
Ullwelling, Victoria R.	5/3/2003	22	60	Parks	Utility Laborer	53	A

Upon motion by Lou Walter, seconded by Norma McKinney, the Retirement Board approved the service retirements listed above, pending final review.

Ratification of Investment Transactions and Statement of Securities and Cash:

Items in the Investment Summary were highlighted by Norm.

Upon motion by John Curtin, seconded by Lou Walter, the Retirement Board approved the Investment Summary report as of April 30, 2003.

Investment Committee Report:

It was announced that the Investment Committee is scheduled to meet at noon on Thursday, June 26, 2003 in the Retirement Office.

Norm reported that the Investment Committee and the Investment Advisory Committee met with Wurts and Associates on May 29, 2003, to review the investment performance for the first quarter of 2003. He also reported that our investment performance for the first quarter of 2002 was down 1.6%, and that the actual allocations of our assets to the various asset classes was extremely close to our target allocations.

Executive Director Report:

The following summarizes the Executive Director's monthly report to the Board:

Norm reminded that Board that the next meeting is scheduled for July 10, 2003 and will include a presentation by our actuary, Buck Consultants, on the results of the experience study that is currently in progress. Norm also mentioned that after today's meeting there will be a presentation on fixed income by representatives of Pugh Capital, one of the fixed income managers employed by the System.

Norm reported the results of the election for the Board position that has been held by John Curtin and stated that Paul Berry received 2860 votes and Bert Alton Tuor received 309 votes.

Upon motion by Lou Walter, seconded by Mary Norris, the Retirement Board voted to accept the election results and declare Paul Berry the winner of the election, for a 3 year term beginning July 1, 2003.

Norm then informed the Board that the City is making available to active and retired City employees Group Long Term Care Insurance through the John Hancock company. Norma McKinney explained that many of the details are still being worked out and that several meetings are being scheduled to provide more information to those that are interested. Retirees will be sent a mailing describing the insurance and upcoming informational meetings. Norm stated that John Hancock has requested retiree addresses that will be used for the mailing.

Upon motion by Lou Walter, seconded by Mary Norris, the Retirement Board voted to approve the request by John Hancock for retiree addresses.

Norm gave an overview of the City Auditor's recommendation that the investment performance results calculated by Wurts & Associates should be confirmed by an independent third party, verifying that they are calculated using an AIMR compliant method. Mel stated that the custodian bank for the System, Bank of New York, has agreed to perform this calculation and any reconciliation necessary for a fee of \$2500 per quarter.

Upon motion by Lou Walter, seconded by Jan Drago, the Retirement Board voted to hire Bank of New York to calculate investment performance, and reconcile any differences with the calculations performed by Wurts & Associates, for the 4th quarter of 2002 and for the 4th quarter of 2003. Jan Drago, Norma McKinney, Lou Walter and Mary Norris voting yes, with John Curtin voting no.

Old Business:

(1) Status of Benefit Enhancements

The Board was informed that the estimated current funding level of the Retirement Fund is 77.15% as of April 30, 2003.

Lou Walter commented about the rising costs of retiree medical coverage and suggested that after the funding level improves in the future the Board explore possible efforts that could be made to bring about some relief.

(2) Audit Committee

This item is continued to the July Board meeting.

(3) Executive Director Performance Evaluation

Norma McKinney presented the results of the performance evaluation and stated that Norm has continued to provide the high quality work performance that the Board witnessed in his first year. The consensus of the Board members is to award Norm 6 days of Merit Leave.

Upon motion by Norma McKinney, seconded by Jan Drago, the Retirement Board voted to award Norm 6 days of Merit Leave.

Norm thanked the Board members for their support, and complimented Mel on his extensive assistance.

New Business:

(1) Disability Retirement Application for Leatha Neal-Gray

Mel informed the Board that the Disability Committee has recommended that Leatha Neal-Gray be granted a disability retirement, subject to periodic reviews. The Board asked questions and discussed the disability claim.

Upon motion by Lou Walter, seconded by Mary Norris, the Retirement Board voted to grant a disability retirement to Leatha Neal-Gray, subject to periodic reviews.

(2) Audit Report by Deloitte & Touche

Norm introduced Laurie Tish and Russ Russell, from Deloitte & Touche, and stated that they supervised the audit and review of the 2002 financial statements. Laurie and Russ both said that they brought good news. Laurie reviewed the coordination that occurs between her firm and the State Auditors Office and the City Auditors Office. Russ then informed the Board that Deloitte would be issuing a clean opinion. He stated that newly issued and implemented GASB 34 requires additional information in the form of a management discussion and analysis of the financial statements. Also new is SAS 99 that requires the auditor to place additional efforts into reviewing the risk of fraud. Russ described the independence of Deloitte & Touche and stated that the audit was designed and performed to provide reasonable assurance that the financial statements are accurate. He also said that they did not require, nor request, that any adjustments to the financial statements be made, and that there were no disagreements or difficulties encountered with the Retirement Office. Russ recommended that Deloitte return in the fall to meet with the Board to discuss the scope of the next audit. Laurie stated that today's meeting and the recommended meeting in the fall to discuss the scope of the next audit would satisfy the standards necessary for an Audit Committee. At this future meeting, Laurie will provide 30 minutes of training regarding what the Board will need to know prior to meeting with an auditor and to review the scope of the next audit.

(3) Proxy Voting and Class Action Litigation

Lou Walter asked about our procedures for voting proxies and about our involvement with regards to class action litigation. Norm said that proxy voting is a topic on the agenda for the upcoming Investment Committee meeting. Mel said that Bank of New York monitors class action litigation and files the necessary paperwork on our behalf to be included in potential settlements and judgments. Mel also said that so far this year, with the assistance of Bank of New York, we have recovered several claims.

Lou commented that these issues were raised at the recent NCPERS Conference. He said the Conference was very helpful. Jan, Mary and John also made positive comments.

Adjournment

Upon motion by Lou Walter, seconded by Mary Norris, the Retirement Board voted to adjourn the meeting at 10:10 a.m.

Norma McKinney, Secretary